



Health Services
LOS ANGELES COUNTY

**Los Angeles County
Board of Supervisors**

November 8, 2006

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF A DELEGATION OF DUTIES AND ASSIGNMENT
OF RIGHTS OF A MAINTENANCE AND REPAIR
SERVICES AGREEMENT**

(2nd District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to execute Amendment No. 4 to Agreement No. H-207634, substantially similar to Exhibit I, approving the delegation of duties and assignment of rights of Sourceone Healthcare Technologies, Inc. (Sourceone) to Merry X-Ray Chemical Corporation (Merry X-Ray) for the continued provision of maintenance and repair services of an imaging processor at Martin Luther King, Jr./Drew Medical Center (King/Drew), retroactive to March 1, 2006 through June 30, 2007 with no fiscal impact.

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.ladhs.org

*To improve health
through leadership,
service and education.*

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

In approving this action, the Board is acknowledging the purchase of Sourceone by Merry X-Ray for provision of maintenance and repair services of imaging equipment at King/Drew. This equipment is vital for the delivery of quality patient care.

FISCAL IMPACT/FINANCING:

The terms and conditions and rates of payment remain the same. There is no fiscal impact as a result of this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On July 16, 2002, the Board approved an Agreement with C&A X-Ray for the provision of maintenance and repair services for imaging processors at

www.ladhs.org



King/Drew. On June 29, 2004, the Board approved the Delegation of Duties and Assignment of Rights to Sourceone and extended the term of the Agreement effective July 1, 2004 through June 30, 2005.

Most recently, on June 14, 2005, the Board approved an extension of the Agreement with Sourceone effective July 1, 2005 through June 30, 2007 and updated the contract provisions.

In a letter dated August 1, 2006, Sourceone advised the Department of Health Services (DHS) that they sold all of the issued and outstanding shares of capital stock of Sourceone to Merry X-Ray on November 18, 2005. Sourceone continued to provide services through the end of February 2006 and Merry X-Ray did not start providing the County contract services until March 1, 2006, following the completion of the paperwork regarding the purchase. The recommended action is retroactive to March 1, 2006.

DHS has had a separate Agreement with Merry X-Ray since August 19, 1997 for the provision of medical x-ray film processor maintenance and repair and chemical services at various DHS facilities.

The Agreement can be terminated at any time by either party providing a 30-day written notice.

Approval of the Assignment and Delegation will permit Merry X-Ray to continue the provision of necessary maintenance and repair services for an imaging processor at King/Drew. There will be no operational impact to County as a result of this action.

County Counsel has reviewed and approved Exhibit I as to form.

Attachment A provides additional information.

CONTRACTING PROCESS:

It is not appropriate to advertise delegation and assignment actions on the Los Angeles County Online Web Site.

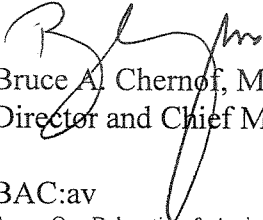
IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of this action will ensure the continued provision of maintenance and repair services of an imaging processor at King/Drew.

The Honorable Board of Supervisors
November 8, 2006
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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,


Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:av
SourceOne Delegation & Assignment.AV.wpd

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF ASSIGNMENT OF AGREEMENT

1. TYPE OF SERVICES:

Maintenance and repair services of imaging processor equipment.

2. DELEGATION OF DUTIES AND ASSIGNMENT OF RIGHTS:

FROM:

Sourceone Healthcare Technologies
8020 Tyler Road
Mentor, OH 44060
Attention: Tom Chase
Telephone: (520) 575-7001

TO:

Merry X-Ray Chemical Corporation
4444 Viewridge Avenue
San Diego, CA 92123
Attention: Ester Bagnasco
Telephone: (858)565-4472

3. TRANSFERRED AGREEMENT AND TERM:

H-207634: July 1, 2005 through June 30, 2007

4. FINANCIAL INFORMATION:

There is no impact as a result of this action.

5. GEOGRAPHIC AREA SERVED:

Martin Luther King, Jr./Drew Medical Center, 2nd Supervisorial District

6. ACCOUNTABILITY FOR PROGRAM MONITORING AND EVALUATION:

Facility Administrator

7. RETROACTIVE CONTRACT:

Delegation of Duties and Assignment of Rights of Sourceone to Merry X-Ray retroactive to March 1, 2006.

8. APPROVALS:

Martin Luther King, Jr./Drew Medical Center: Antionette Smith-Epps, M.D., CEO

Contracts and Grants: Cara O'Neill, Chief

County Counsel (approval as to form): Elizabeth J. Friedman, Senior Deputy

DELEGATION OF DUTIES AND ASSIGNMENT
OF RIGHTS OF AGREEMENT
AMENDMENT NO. 4

THIS Amendment is made and entered into this _____ day of
_____, 2006,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

SOURCEONE HEALTHCARE
TECHNOLOGIES, INC.
(hereafter "Sourceone")

and

MERRY X-RAY CHEMICAL CORPORATION
(hereafter "Merry X-Ray")

WHEREAS, on July 16, 2002, County and C&A X-Ray entered into
MAINTENANCE AND REPAIR SERVICES AGREEMENT, herein further
identified as County Agreement No. H-207634 and any amendments
thereto (all hereafter "Agreement"); and

WHEREAS, Paragraph 9 of the Agreement, PROHIBITION AGAINST
ASSIGNMENT AND DELEGATION, prohibits Sourceone from delegating its
responsibilities thereunder without prior written consent of
County; and

WHEREAS, on April 1, 2004, C&A X-Ray delegated its rights and
responsibilities under Agreement to Sourceone; and

WHEREAS, on November 18, 2005, Merry X-Ray purchased all of
the issued and outstanding shares of capital stock of Sourceone;
and

WHEREAS, on August 1st, 2006, Contractor notified the County that Contractor has sold all of the issued and outstanding shares of capital stock of Sourceone to Merry X-Ray; and

WHEREAS, Contractor has asked County to consent to the transfer of duties and responsibilities of ownership to Merry X-Ray; and

NOW, THEREFORE, the parties hereto agree as follows:

1. All Sourceone's rights and responsibilities under Agreement have been assigned and delegated to Merry X-Ray effective March 1, 2006. Merry X-Ray hereby accepts and assumes all said rights and responsibilities under the Agreement.

2. County hereby consents to such assignment and delegation effective March 1, 2006.

3. Payments on claims to be submitted under the Agreement in the future shall be sent to Merry X-Ray at the address listed in Paragraph 13, NOTICES, Subparagraph B.

4. Agreement Paragraph 13, NOTICES, Subparagraphs A and B shall be revised to read as follows:

"13. NOTICES:

A. Notices to County shall be addressed as follows:

- (1) Martin Luther King, Jr./Drew Medical Center
c/o Rancho Los Amigos National Rehabilitation Center
7601 E. Imperial Hwy., Bldg 700, RM 93
Downey, California 90242
- (2) Department of Health Services
Contracts & Grants Division
313 N. Figueroa Street, 6th Floor East
Los Angeles, CA 90012

B. Notices to Contractor shall be addressed as

(1) Merry X-Ray Chemical Corporation
4444 Viewridge Ave.
San Diego, California 92123
Attention: Contract Administrator"

5. Paragraph 9 of the Agreement, PROHIBITION AGAINST ASSIGNMENT AND DELEGATION, shall be replaced in its entirety to read as follows:

"9. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION

A. The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegatee or assignee on any claim under this Contract shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

B. Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is

effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract.

C. If any assumption, assignment, delegation, or takeover of any of the Contractor's duties responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor."

6. STANDARD PROVISIONS Paragraph 41, CONTRACTOR RESPONSIBILITY AND DEBARMENT, shall be replaced in its entirety to read as follows:

"41. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor on this or other contracts, which indicates that Contractor is not responsible, County may, in addition to other remedies provided in the contract, debar Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time, which generally will not exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated a term of a contract with County or a nonprofit corporation created by County, (2) committed an act or omission which negatively reflects on Contractor's quality, fitness or

capacity to perform a contract with County, any other public entity, or a nonprofit corporation created by County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, the Department will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. Contractor and/or Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether contractor should be debarred, and if so, the appropriate length of time of the debarment. Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of the Hearing Board.

G. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of County.

H. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period

longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

I. These terms shall also apply to any subcontractors of County Contractors."

I. These terms shall also apply to any subcontractors of County Contractors."

7. Except as provided in this Amendment, all terms and conditions of Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment of Delegation of Duties and Assignment of Rights of Agreement to be subscribed by its

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Director of Health Services, and Sourceone and Merry X-Ray, have caused the same in their respective behalfs by their respective duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director and Chief Medical Officer
SOURCEONE HEALTHCARE TECHNOLOGIES, INC.
Assignor

By _____
Signature

Printed Name

Title _____
(AFFIX CORPORATE SEAL)

MERRY X-RAY CHEMICAL CORPORATION
Assignee

By _____
Signature

Printed Name

Title _____
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM BY THE
OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contracts and Grants Division